

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that Engrossed Senate Bill 420 be amended to read as follows:

1 Page 1, between the enacting clause and line 1, begin a new
2 paragraph and insert:
3 "SECTION 1. IC 5-28-2-6 IS ADDED TO THE INDIANA CODE
4 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
5 1, 2009]: **Sec. 6. For purposes of IC 5-28-17, "small business"**
6 **means a business entity that satisfies the following requirements:**
7 **(1) On at least fifty percent (50%) of the working days of the**
8 **business entity occurring during the preceding calendar year,**
9 **the business entity employed at least two (2) but not more**
10 **than one hundred (100) employees.**
11 **(2) The majority of the employees of the business entity work**
12 **in Indiana.**
13 SECTION 2. IC 5-28-5-6.5 IS ADDED TO THE INDIANA CODE
14 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
15 1, 2009]: **Sec. 6.5. The board, in consultation with the office of**
16 **energy and defense development, shall establish the office of small**
17 **business energy advancement to carry out the corporation's duties**
18 **under IC 5-28-17. The office of energy and defense development**
19 **shall provide staff support to the office of small business energy**
20 **advancement.**
21 SECTION 3. IC 5-28-17-1, AS ADDED BY P.L.4-2005, SECTION
22 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
23 2009]: **Sec. 1. (a) The corporation shall do the following to carry out**
24 **this chapter:**

(1) Contribute to the strengthening of the economy of Indiana by encouraging the organization and development of new business enterprises, including technologically oriented enterprises.

(2) Submit an annual report to the governor and to the general assembly not later than November 1 of each year. The annual report must:

(A) include detailed information on the structure, operation, and financial status of the corporation; and

(B) be in an electronic format under IC 5-14-6.

The board shall conduct an annual public hearing to receive comment from interested parties regarding the annual report, and notice of the hearing shall be given at least fourteen (14) days before the hearing in accordance with IC 5-14-1.5-5(b).

(3) Approve and administer loans from the microenterprise partnership program fund established by IC 5-28-18.

(4) Conduct activities for nontraditional entrepreneurs under IC 5-28-18.

(5) Establish and administer the small and minority business financial assistance program under IC 5-28-20.

(6) Establish and administer the microenterprise partnership program under IC 5-28-19.

(7) Assist small businesses in obtaining state and federal energy tax incentives.

(8) Establish a statewide network of public, private, and educational resources to inform small businesses of the state and federal programs under which they may obtain financial assistance or realize reduced costs.

(b) The corporation may do the following to carry out this chapter:

(1) Receive money from any source, enter into contracts, and expend money for any activities appropriate to its purpose.

(2) Do all other things necessary or incidental to carrying out the corporation's functions under this chapter.

(3) Establish programs to identify entrepreneurs with marketable ideas and to support the organization and development of new business enterprises, including technologically oriented enterprises.

(4) Conduct conferences and seminars to provide entrepreneurs with access to individuals and organizations with specialized expertise.

(5) Establish a statewide network of public, private, and educational resources to assist the organization and development of new enterprises.

(6) Operate a small business assistance center to provide small businesses, including minority owned businesses and businesses owned by women, with access to managerial and technical expertise and to provide assistance in resolving problems

encountered by small businesses.

(7) Cooperate with public and private entities, including the Indiana Small Business Development Center Network and the federal government marketing program, in exercising the powers listed in this subsection.

(8) Establish and administer the small and minority business financial assistance program under IC 5-28-20.

(9) Approve and administer loans from the microenterprise partnership program fund established by IC 5-28-18.

(10) Coordinate state funded programs that assist the organization and development of new enterprises.

(11) Consult and cooperate with the office of energy and defense development in the establishment of the office of small business energy advancement under IC 5-28-5-6.5.

SECTION 4. IC 5-28-17-3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 3. The office of small business advancement established under IC 5-28-5-6.5 shall provide free access to the office's services through:**

(1) a toll free telephone number; and

(2) an Internet web page maintained on the web site of the office of energy and defense development.

SECTION 5. IC 8-1-2-23.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 23.1. (a) This section applies to a public utility that complies with the schedule set forth in IC 8-1-37-5(b).**

(b) For purposes of section 23 of this chapter, the construction, addition, extension, or improvement of a public utility's plant or equipment to provide electric or gas service to a customer that produces biodiesel, ethanol, or any other biofuel is in fact used and useful in the public service.

(c) This subsection applies to a public utility's general rate proceeding that immediately follows the public utility's investment in a construction, an addition, an extension, or an improvement described in subsection (b). A public utility may accrue for recovery in the rate proceeding depreciation and a return, not to exceed a total of fifty million dollars (\$50,000,000), on the public utility's investment at the rate of return authorized by the commission in the public utility's general rate proceeding immediately preceding the investment. The accrual of a return by a public utility under this subsection:

(1) begins on the date the public utility initially records the investment in the public utility's books or records, as determined by the commission; and

(2) ends on the earlier of the following dates:

(A) The date on which the public utility accrues the full return determined under this subsection.

1 **(B) The date rates are placed in effect after a general rate**
 2 **proceeding that recognizes an investment by a public**
 3 **utility in the public utility's rate base.**

4 **(d) Notwithstanding subsection (c), the commission shall revoke**
 5 **a cost recovery approved under this chapter for an electricity**
 6 **supplier that the commission determines has:**

7 **(1) elected to; and**

8 **(2) failed to;**

9 **comply with the schedule set forth in IC 8-1-37-5(b).**

10 **(e) This section expires December 31, 2020, unless reauthorized**
 11 **by the general assembly before December 31, 2020. However, a**
 12 **return accrued under this section before January 1, 2021, expires**
 13 **on the appropriate date determined under subsection (c)(2) even if**
 14 **the expiration date occurs after December 31, 2020.**

15 SECTION 6. IC 8-1-8.4 IS ADDED TO THE INDIANA CODE AS
 16 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
 17 PASSAGE]:

18 **Chapter 8.4. Electric Line Facilities Projects**

19 **Sec. 1. As used in this chapter, "commission" refers to the**
 20 **Indiana utility regulatory commission created by IC 8-1-1-2.**

21 **Sec. 2. As used in this chapter, "electric line facilities" means**
 22 **the following:**

23 **(1) Overhead or underground electric transmission lines.**

24 **(2) Overhead or underground electric distribution lines.**

25 **(3) Electric substations.**

26 **Sec. 3. As used in this chapter, "electric line facilities project"**
 27 **means an addition to or the construction, operation, maintenance,**
 28 **reconstruction, relocation, upgrading, or removal of electric line**
 29 **facilities.**

30 **Sec. 4. As used in this chapter, "electricity supplier" means a**
 31 **public utility that furnishes retail electric service to the public.**

32 **Sec. 5. As used in this chapter, "public utility" has the meaning**
 33 **set forth in IC 8-1-2-1.**

34 **Sec. 6. As used in this chapter, "regional transmission**
 35 **organization" refers to the regional transmission organization**
 36 **approved by the Federal Energy Regulatory Commission for the**
 37 **control area in which an electricity supplier operates electric line**
 38 **facilities.**

39 **Sec. 7. As used in this chapter, "renewable energy resources"**
 40 **has the meaning set forth in IC 8-1-37-4.**

41 **Sec. 8. This chapter applies to an electricity supplier that**
 42 **complies with the schedule set forth in IC 8-1-37-5(b).**

43 **Sec. 9. (a) The commission shall encourage electric line facilities**
 44 **projects by creating the following financial incentives for electric**
 45 **line facilities that are reasonable and necessary:**

46 **(1) The timely recovery of costs, by means of a periodic rate**
 47 **adjustment mechanism, incurred by an electricity supplier in**

connection with an electric line facilities project that transmits or distributes electricity generated from renewable energy resources.

(2) The timely recovery of costs, by means of a periodic rate adjustment mechanism, incurred by an electricity supplier taking service under a tariff of, or being assessed costs by the:

(A) regional transmission organization; or

(B) Federal Energy Regulatory Commission.

(b) The commission shall determine a reasonable schedule under which an electricity supplier may recover costs under this section. In making a determination under this subsection, the commission shall consider the impact of the cost recovery on ratepayers of the electricity supplier.

Sec. 10. (a) Subject to subsection (h), an electricity supplier must submit an application to the commission for approval of an electric line facilities project for which the electricity supplier seeks to receive a financial incentive created under section 9 of this chapter.

(b) The commission shall prescribe the form for an application submitted under this section.

(c) Upon receipt of an application under subsection (a), the commission shall review the application for completeness. The commission may request additional information from an applicant as needed. The commission may not review an application submitted after December 31, 2020, unless authorized to do so by the general assembly before January 1, 2021.

(d) The commission, after notice and hearing, shall issue a determination of an electric line facilities project's eligibility for the financial incentives described in section 8 of this chapter not later than one hundred eighty (180) days after the date of the application. A determination under this subsection must include a finding that the applicant electricity supplier is in compliance with the schedule set forth in IC 8-1-37-5(b).

(e) Subject to subsections (g) and (h), the commission shall approve an application by an electricity supplier for an electric line facilities project that is reasonable and necessary. An electric line facilities project is presumed to be reasonable and necessary if the electric line facilities project:

(1) is consistent with, or part of, a plan developed by the:

(A) regional transmission organization; or

(B) Federal Energy Regulatory Commission; or

(2) transmits or distributes electricity generated from renewable energy resources.

However, an electricity supplier may seek approval from the commission at the electricity supplier's next general rate proceeding to include in the electricity supplier's basic rates the recoverable costs sought in an application approved under this subsection.

(f) This section does not relieve an electricity supplier of the duty to obtain any certificate required under IC 8-1-8.5 or IC 8-1-8.7.

(g) The commission shall not approve a financial incentive for that part of an electric line facilities project that exceeds the lesser of:

(1) seven percent (7%) of the electricity supplier's rate base approved by the commission in the electricity supplier's most recent general rate proceeding; or

(2) one hundred fifty million dollars (\$150,000,000).

(h) The commission may not approve a financial incentive under section 9 of this chapter for a particular electricity supplier if the commission has approved a financial incentive under section 9 of this chapter in the preceding twelve (12) months for that electricity supplier, unless the commission determines that approving a particular financial incentive for an electricity supplier on a more timely basis will benefit the electricity supplier's ratepayers.

(i) A financial incentive that the commission approves before January 1, 2021, or that an electricity supplier applies for before January 1, 2021, and that is subsequently approved, expires on the earlier of the following dates:

(1) The date on which the electricity supplier accrues the full recovery amount authorized by the commission.

(2) The date specified by the commission in its approval of the financial incentive.

Sec. 11. The commission shall revoke all financial incentives approved under this chapter for an electricity supplier that the commission determines has:

(1) elected to; and

(2) failed to;

comply with the schedule set forth in IC 8-1-37-5(b).

SECTION 7. IC 8-1-8.8-2, AS AMENDED BY P.L.175-2007, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. As used in this chapter, "clean coal and energy projects" means any of the following:

(1) Any of the following projects:

(A) Projects at new energy production or generating facilities that employ the use of clean coal technology and that produce energy, including substitute natural gas, primarily from coal, or gases derived from coal, from the geological formation known as the Illinois Basin.

(B) Projects to provide advanced technologies that reduce regulated air emissions from existing energy production or generating plants that are fueled primarily by coal or gases from coal from the geological formation known as the Illinois Basin, such as flue gas desulfurization and selective catalytic reduction equipment.

(C) Projects to provide electric transmission facilities to serve a new energy production or generating facility **or a low carbon dioxide emitting or noncarbon dioxide emitting energy production or generating facility.**

(D) Projects that produce substitute natural gas from Indiana coal by construction and operation of a coal gasification facility.

(E) Projects or potential projects that employ the use of low carbon dioxide emitting or noncarbon dioxide emitting energy production or generating technologies to produce electricity.

(2) Projects to develop alternative energy sources, including renewable energy projects ~~and~~ **or** coal gasification facilities.

(3) The purchase of fuels **or energy** produced by a coal gasification facility **or by a low carbon dioxide emitting or noncarbon dioxide emitting energy production or generating facility.**

(4) Projects described in subdivisions (1) through ~~(3)~~ **(2)** that use coal bed methane.

SECTION 8. IC 8-1-8.8-6, AS AMENDED BY P.L.175-2007, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6. As used in this chapter, "eligible business" means an energy utility (as defined in IC 8-1-2.5-2) or owner of a coal gasification facility that:

(1) proposes to construct or repower a new energy production or generating facility;

(2) proposes to construct or repower a project described in section 2(1) or 2(2) of this chapter;

(3) undertakes a project to develop alternative energy sources, including renewable energy projects **or coal gasification facilities;**

(4) purchases fuels **or energy** produced by a coal gasification facility **or by a low carbon dioxide emitting or noncarbon dioxide emitting energy production or generating facility.**

SECTION 9. IC 8-1-8.8-7.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7.5. (a) As used in this chapter, "low carbon dioxide emitting or noncarbon dioxide emitting energy production or generating facility" means an energy production or generation facility, including transmission lines and equipment described in subsection (b), that is:

(1) installed or constructed at the site of a facility that supplies electricity to Indiana retail customers as of July 1, 2009; and

(2) intended to produce:

(A) no carbon dioxide as a byproduct of the production or generation of energy; or

(B) less carbon dioxide per megawatt hour of electricity generated than is produced per megawatt hour of electricity generated by a coal fired or other fossil fuel based energy production or generating facility.

(b) The term includes the transmission lines and other associated equipment employed specifically to serve a low carbon dioxide emitting or noncarbon dioxide emitting energy production or generating facility.

SECTION 10. IC 8-1-8.8-8, AS AMENDED BY P.L.175-2007, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. (a) As used in this chapter, "new energy production or generating facility" refers to a generation or coal gasification facility that satisfies all of the following:

(1) The facility produces energy primarily from coal or gases from coal from the geological formation known as the Illinois Basin.

(2) The facility is a:

(A) newly constructed or newly repowered energy ~~generation~~ plant; or

(B) newly constructed ~~generation~~ capacity expansion at an existing ~~facility; plant;~~

dedicated primarily to serving Indiana retail customers.

(3) The repowering, construction, or expansion of the facility was begun by an Indiana utility after July 1, 2002.

(4) Except for a facility that is a clean coal and energy project under section 2(2) of this chapter, the facility has an aggregate rated electric generating capacity of at least one hundred (100) megawatts for all units at one (1) site or a generating capacity of at least four hundred thousand (400,000) pounds per hour of steam.

(b) The term includes the transmission lines, gas transportation facilities, and associated equipment employed specifically to serve a new energy generating or coal gasification facility.

SECTION 11. IC 8-1-8.8-8.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8.5. As used in this chapter, "qualified utility system expenses" means any preconstruction costs associated with the study, analysis, or development of a:

(1) new energy production or generating facility; or

(2) new low carbon dioxide emitting or noncarbon dioxide emitting energy production or generating facility;

including siting, design, licensing, and permitting costs.

SECTION 12. IC 8-1-8.8-9, AS AMENDED BY P.L.175-2007, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 9. As used in this chapter, "qualified utility system property" means any:

(1) new energy ~~production or generating or coal gasification~~

1 facility; or

2 **(2) new low carbon dioxide emitting or noncarbon dioxide**
 3 **emitting energy production or generating facility;**

4 used, or to be used, in whole or in part, by an energy utility to provide
 5 retail energy service (as defined in IC 8-1-2.5-3) regardless of whether
 6 that service is provided under IC 8-1-2.5 or another provision of this
 7 article.

8 SECTION 13. IC 8-1-8.8-11 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 11. (a) The commission
 10 shall encourage clean coal and energy projects by creating the
 11 following financial incentives for clean coal and energy projects, if the
 12 projects are found to be reasonable and necessary:

13 (1) The timely recovery of costs incurred during construction and
 14 operation of projects described in section 2(1) or 2(2) of this
 15 chapter.

16 (2) The authorization of up to three (3) percentage points on the
 17 return on shareholder equity that would otherwise be allowed to
 18 be earned on projects described in subdivision (1).

19 (3) Financial incentives for the purchase of fuels **or energy**
 20 produced by a coal gasification facility **or by a low carbon**
 21 **dioxide emitting or noncarbon dioxide emitting energy**
 22 **production or generating facility**, including cost recovery and
 23 the incentive available under subdivision (2).

24 (4) Financial incentives for projects to develop alternative energy
 25 sources, including renewable energy projects **or coal gasification**
 26 **facilities.**

27 (5) Other financial incentives the commission considers
 28 appropriate.

29 (b) An eligible business must file an application to the commission
 30 for approval of a clean coal and energy project under this section. This
 31 chapter does not relieve an eligible business of the duty to obtain any
 32 certificate required under IC 8-1-8.5 or IC 8-1-8.7. An eligible business
 33 seeking a certificate under IC 8-1-8.5 or IC 8-1-8.7 and this chapter for
 34 one (1) project may file a single application for all necessary
 35 certificates. If a single application is filed, the commission shall
 36 consider all necessary certificates at the same time.

37 (c) The commission shall promptly review an application filed
 38 under this section for completeness. The commission may request
 39 additional information the commission considers necessary to aid in its
 40 review.

41 (d) The commission shall, after notice and hearing, issue a
 42 determination of a project's eligibility for the financial incentives
 43 described in subsection (a) not later than one hundred twenty (120)
 44 days after the date of the application, unless the commission finds that
 45 the applicant has not cooperated fully in the proceeding.

46 SECTION 14. IC 8-1-8.8-12, AS AMENDED BY P.L.175-2007,

SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 12. (a) The commission shall provide financial incentives to eligible businesses for:

(1) new energy ~~producing and~~ **production or** generating facilities; **and**

(2) **new low carbon dioxide emitting or noncarbon dioxide emitting energy production or generating facilities;**

in the form of timely recovery of the costs incurred in connection with the **study, analysis, development, siting, design, licensing, permitting,** construction, repowering, expansion, operation, or maintenance of the facilities.

(b) An eligible business seeking authority to timely recover the costs described in subsection (a) must apply to the commission for approval of a rate adjustment mechanism in the manner determined by the commission.

(c) An application must include the following:

(1) A schedule for the completion of construction, repowering, or expansion of the ~~new energy generating or coal gasification~~ facility for which rate relief is sought.

(2) Copies of the most recent integrated resource plan filed with the commission, if applicable.

(3) The amount of capital investment by the eligible business in the ~~new energy generating or coal gasification~~ facility.

(4) Other information the commission considers necessary.

(d) The commission shall allow an eligible business to recover:

(1) the costs associated with qualified utility system property; **and**

(2) **qualified utility system expenses;**

if the eligible business provides substantial documentation that the expected costs ~~associated with qualified utility system property~~ and **expenses and** the schedule for incurring those costs **and expenses** are reasonable and necessary.

(e) The commission shall allow an eligible business to recover the costs associated with the purchase of fuels **or energy** produced by a coal gasification facility **or by a low carbon dioxide emitting or noncarbon dioxide emitting energy production or generating facility** if the eligible business provides substantial documentation that the costs associated with the purchase are reasonable and necessary.

(f) A retail rate adjustment mechanism proposed by an eligible business under this section may be based on actual or forecasted data. If forecast data is used, the retail rate adjustment mechanism must contain a reconciliation mechanism to correct for any variance between the forecasted costs and the actual costs."

Page 1, delete lines 1 through 17.

Delete pages 2 through 4.

Page 5, delete lines 1 through 19.

Page 5, line 34, delete "IC 8-1-8.2-6." and insert "**IC 8-1-8.4-6.**".

Page 5, delete lines 35 through 42, begin a new paragraph and insert:

"Sec. 3. As used in this chapter, "renewable energy credit", or "REC", means one (1) megawatt hour of electricity that is:

- (1) generated from a renewable energy resource described in section 4(a) of this chapter;**
- (2) quantifiable; and**
- (3) possessed by not more than one (1) entity at a time.**

Sec. 4. (a) As used in this chapter, "renewable energy resources" includes the following sources, technologies, and programs for the production or conservation of electricity:

- (1) Methane systems that convert waste products, including animal, food, and plant waste, into electricity or fuel for the production of electricity.**
- (2) Methane recovered from landfills or coal mines.**
- (3) Wind.**
- (4) Solar photovoltaic cells and panels.**
- (5) Clean coal and energy projects (as defined in IC 8-1-8.8-2), including plant efficiency measures.**
- (6) Dedicated crops grown for energy production.**
- (7) Energy from waste to energy facilities.**
- (8) Noncarbon dioxide emitting or low carbon dioxide emitting electricity generating technologies placed in service after June 30, 2009.**
- (9) Hydropower.**
- (10) Demand side management or energy efficiency programs that:**
 - (A) reduce electricity consumption; or**
 - (B) implement load management or demand response technologies that shift a customer's electric load from periods of higher demand to periods of lower demand.**
- (11) Combined heat and power systems that:**
 - (A) use natural gas or renewable energy resources as feedstock; and**
 - (B) achieve at least seventy percent (70%) overall efficiency.**
- (12) Geothermal hot water district heating systems.**
- (13) Electricity generated through net metering that is regulated under rules adopted by the commission or other Indiana law.**
- (14) Energy storage facilities.**
- (15) A renewable energy resource listed in IC 8-1-8.8-10 to the extent the renewable energy resource is not already described in this subsection.**

(b) Except as provided in subsection (a)(7), the term does not include energy from the incineration, burning, or heating of the following:

- (1) Garbage.
- (2) General household, institutional, or commercial waste.
- (3) Industrial lunchroom or office waste.
- (4) Landscape waste.
- (5) Construction or demolition debris.
- (6) Feedstock that is municipal, food, plant, industrial, or animal waste from outside Indiana.

Sec. 5. (a) Each electricity supplier shall supply electricity under a schedule set forth in either subsection (b) or (c).

(b) In order to qualify for a financial incentive under IC 8-1-2-23.1 or IC 8-1-8.4-9, an electricity supplier shall supply electricity that is generated from renewable energy resources described in section 4(a) of this chapter to Indiana customers as a percentage of the total electricity supplied by the electricity supplier to Indiana customers during a calendar year as follows:

- (1) Not later than the calendar year ending December 31, 2010, at least three percent (3%).**
- (2) Not later than the calendar year ending December 31, 2015, at least six percent (6%).**
- (3) Not later than the calendar year ending December 31, 2020, at least ten percent (10%).**
- (4) Not later than the calendar year ending December 31, 2025, at least fifteen percent (15%).**

For purposes of this subsection, electricity is measured in megawatt hours.

(c) An electricity supplier that elects not to comply with subsection (b) shall supply electricity that is generated from renewable energy resources described in section 4(a) of this chapter to Indiana customers as a percentage of the total electricity supplied by the electricity supplier to Indiana customers during a calendar year as follows:

- (1) Not later than the calendar year ending December 31, 2010, at least one and five-tenths percent (1.5%).**
- (2) Not later than the calendar year ending December 31, 2015, at least four percent (4%).**
- (3) Not later than the calendar year ending December 31, 2020, at least seven percent (7%).**
- (4) Not later than the calendar year ending December 31, 2025, at least ten percent (10%).**

For purposes of this subsection, electricity is measured in megawatt hours.

(d) An electricity supplier may own or purchase RECs or carbon offset equivalents to comply with subsection (b) or (c), as applicable.

(e) An electricity supplier may not use a renewable energy resource described in section 4(a)(5), 4(a)(8), 4(a)(10), or 4(a)(11) of this chapter to generate more than twenty-five percent (25%) of

the electricity that the electricity supplier is required to supply under subsection (b) or (c), as applicable.

(f) If an electricity supplier exceeds the applicable percentage under subsection (b) or (c) in a compliance year, the electricity supplier may carry forward the amount of electricity that:

(1) exceeds the applicable percentage under subsection (a); and

(2) is generated from renewable energy resources; to comply with the requirement under subsection (b) or (c) for either or both of the two (2) immediately succeeding compliance years.

(g) The commission shall consider the costs incurred by an electricity supplier in complying with subsection (b) or (c), as applicable, as consistent with the requirements of IC 8-1-2-42(d)(1) when ruling on a fuel cost charge requested by the electricity supplier under IC 8-1-2-42(d)."

Delete pages 6 through 7.

Page 8, delete lines 1 through 3.

Page 8, line 7, delete "IC 8-1-2-23.1(d), IC 8-1-8.2-11, or section 9(c) of this chapter," and insert "IC 8-1-2-23.1(d) or IC 8-1-8.4-11,".

Page 8, line 23, delete "shall" and insert "may".

Page 9, delete lines 15 through 42, begin a new paragraph and insert:

"Sec. 9. (a) The commission shall allow an electricity supplier that complies with the schedule set forth in section 5(b) or 5(c) of this chapter to recover reasonable and necessary costs incurred in:

(1) constructing, operating, or maintaining facilities to comply with this chapter;

(2) generating electricity from, or purchasing electricity generated from, a renewable energy resource;

(3) purchasing RECs or carbon offset equivalents; or

(4) complying with federal renewable energy resource portfolio requirements;

by a periodic rate adjustment mechanism.

(b) The commission shall revoke a periodic rate adjustment mechanism allowed under subsection (a) for an electricity supplier that the commission determines:

(1) is required to; and

(2) has failed to;

comply with section 5(b) or 5(c) of this chapter.

(c) If the commission revokes a periodic rate adjustment mechanism allowed to an electricity supplier under subsection (b), the electricity supplier may request, in the electricity supplier's next general rate case, recovery of reasonable and necessary costs incurred by the electricity supplier in attempting to comply with section 5(b) or 5(c) of this chapter, as applicable.

Sec. 10. (a) For purposes of calculating RECs to determine an

electricity supplier's compliance with section 5(b) or 5(c) of this chapter, as applicable, the following apply:

(1) Except as provided in subdivision (2), one (1) megawatt hour of electricity generated from renewable energy resources in an Indiana facility equals one and five-tenths (1.5) REC.

(2) One (1) megawatt hour of electricity generated from a renewable energy resource described in section 4(a)(1) or 4(a)(2) of this chapter that originates in Indiana equals two (2) RECs.

(3) One (1) megawatt hour of electricity that is:

(A) generated from a renewable energy resource that is directly interconnected to a regional transmission organization whose members include an electricity supplier; and

(B) imported into Indiana;

equals one (1) REC.

(b) An electricity supplier may not apportion all or part of a single megawatt of electricity among more than one (1):

(1) renewable energy resource; or

(2) category set forth in subsection (a);

in order to comply with section 5(b) or 5(c) of this chapter, as applicable."

Page 10, delete lines 1 through 24.

Renumber all SECTIONS consecutively.

(Reference is to ESB 420 as printed April 10, 2009.)

Representative Koch